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28 DEC 1973

alc 74-0001

MEMORANDUM FOR: Director of Central Intelligence
VIA: Deputy Director for Operations
SUBJECT: Jack Anderson 27 December Article Regarding
Congressman Lester Wolff
REFERENCE: [REDACTED]

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1. Action Required: None. This memorandum is for your information.

2. Background:

A. The attached 27 December 1973 Washington Post article by Jack Anderson discusses Congressman Lester Wolff's proposed visit to Southeast Asia. According to Anderson, Mr. Wolff has agreed to provide his services as a mediator during negotiations with the Loi Maw KKY (Shan United Army) for the release of two Soviet medical technicians currently held by the Loi Maw.

B. Your attention is called to the "footnote" in the third column wherein Anderson claims that "the Shans say that they are also willing to burn a ton of opium for Wolff to prove they can deliver the deadly drug in tonnage lots." The ton of opium referred to in the Anderson column corresponds [REDACTED]

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[REDACTED] that the Shan State Army was arranging for the delivery of 600 viss (2010 pounds) of "goods" to the Thai-Burma border to give to Mr. Wolff. The opium was scheduled to reach the border by late December 1973.

C. Please note that the group holding the Soviet medical technicians (Loi Maw or Shan United Army) is a separate insurgent faction from the Shan States Army (SSA) which is the group in contact with Mr. Wolff. The delivery of the ton of opium to Mr. Wolff is a separate, although possibly related, matter from the release of the Soviet medical technicians. Presumably the SSA is offering to place Mr. Wolff in contact with the Loi Maw. We have no information to indicate that Mr. Wolff has ever been in communication with the Loi Maw.

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D. During a 15 November 1973 briefing for Mr. Wolff by CEA, Mr. Wolff expressed considerable interest in the status of the Soviets and inquired about the feasibility of a visit to the tri-border area. It now appears that at the time of this briefing Mr. Wolff was already weighing the merits of the SSA proposal for him to act as a mediator in the Soviet case.

E. During December 1973 General Kriangsak, Deputy Chief of Staff of the Royal Thai Supreme Command, communicated to American Embassy [REDACTED]

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[REDACTED] final negotiations for the Soviets' release on a unilateral basis. Since that time the U.S. Government has not been directly involved in the negotiations with the Loi Maw. Discussions with Kriangsak by both Embassy and [REDACTED] any significant progress in their efforts to obtain the Soviets' release.

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3. Staff Position:

A. Mr. Wolff is apparently seriously planning to go to the Thai-Burma border area for direct discussions with representatives of the Shan State Army and possibly representatives of the Loi Maw. It is not known whether Mr. Wolff will deliver the demands of the Loi Maw to the American Embassy in Bangkok or deal directly with the Soviet Embassy. The SSA seems to retain hopes of a deal with the U.S. Government involving the sale and destruction of a large quantity of opium, thus taking it out of the world market. This proposal could play a role in the upcoming Wolff-SSA talks.

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Chief, East Asia Division

Attachment
As stated

CPYRGHT

The Washington Merry-Go-Round

THE WASHINGTON POST

Thursday, Dec. 27, 1973 D17

Burmese Rebels Summon Wolff

By Jack Anderson

In an international intrigue worthy of James Bond, a mild, bespectacled congressman has been called on by wild Burmese rebels to negotiate the freedom of two kidnaped Russian doctors.

The Capitol Hill 007 is Rep. Lester Wolff (D-N.Y.), who won the Shan guerrillas' confidence last August during a trip to Southeast Asia. As chairman of a House narcotics subcommittee, Wolff brought back the Shan offer to burn 400 tons of opium for \$12 million.

This would have drained the opium from the world market and cut off part of the U.S. heroin supply, at the source. Although the State Department rejected the offer, the Shans came to trust Wolff and have now asked him to help out with an even stranger deal.

Last April, at the isolated Burmese village of Taungyi, two humanitarian Russian doctors were working at the Soviet hospital when a force of Shan rebels descended on them and kidnaped them at gunpoint. The rebels, according to our Shan sources, had hoped to grab the Russian ambassador to Burma who was supposed to be visiting the hospital at the time.

Their purpose was to hold him as ransom for the return of several Shan leaders now in Burmese government custody. Finding no ambassador, they

made off with the two physicians. Our sources say the pair have been moved from one remote camp to another while the Russians and Americans, cooperating secretly, have sought to free them. Meanwhile, the Burmese have refused the kidnap demands.

At one point, we started to break the story but yielded to State Department pleadings that publicity might endanger the rescue efforts and perhaps result in the doctors' deaths.

A few days ago, however, information reached us from the far north regions of Burma that the rebels were interested in freeing the doctors.

"The two Russian doctors are (with) Kun Siang of the SUA (Shan United Army) who originally captured them," said the cryptic message. "The Russian embassy in Bangkok has asked (for mediation) with Kun Siang."

The mediator selected by the Shans is Lester Wolff. They feel if Wolff helps them to work out a fair deal on the Russians, it will increase the Shans' world credibility.

Reluctant at first to leave his congressional chores, Wolff has now decided to do the risky, humanitarian thing. He has agreed to serve as an "honest broker" and fly to the rugged Shan territory, if that is what it

takes to free the two doctors.

Footnote: The Shans say they are also willing to burn a ton of opium for Wolff to prove they can deliver the deadly drug in tonnage lots. They promise to do it "without the cheating that went into (General) Lao Li's similar deal two or three years ago." The "cheating" refers to a mix of opium and vegetation that was pawned off for \$1 million on the United States in Thailand. When we exposed what happened, the White House staged a sound-and-light press conference to insist the opium was pure and to denounce us as liars. We backed up our story by quoting from the secret CIA account of the million-dollar swindle. Now we are happy to print this additional unsolicited substantiation of our original story.

Millions for Christmas—Congressmen received a \$2-million Christmas present from a benevolent House Administration Committee in the form of an increase in their office allowances.

Chairman Wayne Hays (D-Ohio) bestowed the gift in a letter to his colleagues. With "kind personal regards," he informed them that next session each congressman could dip into the stationery allowance for a total of \$5,250. The increase will cost the taxpayers more than \$430,000 next year.

This little extra is particularly appreciated, because the stationery allowance is so curiously unrestricted that a congressman may pocket the entire amount if he wishes.

An earlier Hays circular announced a quarterly increase in the telephone service to their home districts—a small adjustment that will add about \$263,000 to the taxpayers' bill.

A 25 per cent increase was also granted in the unit allowances for congressional telephone and telegraph service. Although the ultimate cost is hard to pin down, it may run as high as \$1 million a year.

But that's not all. Congressmen have also been given an increase in the amount they can spend for "official" expenses in their offices back home. This will cost the taxpayers another \$351,000.

There was still another special gift from the thoughtful Hays. Unexpended clerk-hire funds up to \$250 per month, under the new arrangements, can be spent upon congressional mail. This means the taxpayers could wind up footing the bill, indirectly, for political mass mailings.

As a Christmas token to his colleagues, in other words, Hays offered them half-a-dozen new ways to skin the taxpayers.

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